



April 30, 2010

SENT VIA ELECTRONIC DELIVERY

James C. Welch, RN, HNB-BC

Bureau Chief

Bureau of Correctional Healthcare Services

Department of Correction

245 McKee Road

Dover, Delaware 19904

Accepted

Dear Mr. Welch:

The following terms have been agreed to by MHM in regard to our contract for Mental Health and Substance Abuse Services with the Delaware Department of Corrections.

Pricing**Office Space**

MHM will be allowed to place our Regional Staff in offices that would have appropriate office furniture, telephones and access to the internet via Department I.T. infrastructure. There will be a shared meeting space or conference room available for periodic use.

The following 5 positions will be provided space in close proximity:

- MH Program Director
- SA Program Director
- 2 Administrative Staff
- Regional Clinical Director

Additionally the following 4 Regional Staff positions will be provided suitable office space in other DOC Facility Locations dispersed throughout the system:

- 2 Substance Abuse Case Managers
- 2 Sex Offender Treatment Coordinators

Performance Bond

The Department agrees to eliminate the requirement for a Performance Bond.

Overhead and Margin Reduction

In total the above savings amount to a revised year one price of \$9,996,982.00 and year two price of \$10,296,891.00, also reflected in the attached Revised Budget.

Substance Abuse Treatment Program

MHM agrees that if 90% of the substance abuse treatment beds are not filled (after 6 months) as measured by the Department's own bed utilization data and the Department is not satisfied with the progress that is taking place; at the Department's discretion, MHM may pay \$5,000 for any month in which the census falls below 90%.

In the event the beds remain unfilled for several months, MHM would credit the Department for unused beds in relation to staff savings equivalent to the unfilled beds at a ratio of one counselor for every 30 beds unfilled below the 90% threshold.

Quality Assurance Review and Incentive

Attached to this letter (Table A) is a mutually agreed upon list of Performance Measures.

MHM agrees that the Performance Measures may be damaged for any item not met at a rate of \$[REDACTED] per facility per item per quarter for facility specific items, \$[REDACTED] per item for systemic issues with the exception of the NCCCHC accreditation, which will be \$[REDACTED] per facility per year for any year a facility was not accredited due to MHM's failure. However, no penalties for Performance Measure deficiencies will be assessed during the first six (6) months.

It is our further understanding that the Department will continue to work with MHM on appropriate program and staff levels as we get on site and work through the transition.

The Department has the discretion to measure any and all items within the attached table (Table A) or outside of the scope of the attached table. MHM will provide access to all records and data, including, but not limited to, medical records and laboratory databases.

MHM understands further that:

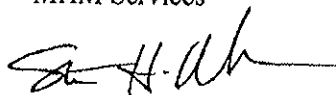
- reviews may typically be conducted quarterly
- the Department may choose not to impose a penalty if best efforts are being made to resolve the issue. Additionally, no penalties will be assessed during the first 6 month start up period.
- no MHM internal audit will be used to determine a penalty except as evidence of repeated neglect

Annual Contractor Inflation

MHM agrees that the price inflator for year 2 and beyond and any renewal option exercised by the Department will be 3%.

Sincerely,

MHM Services



Steven H. Wheeler
President and Chief Operating Officer

Enclosures

- 1) Table A
- 2) Delaware Financial Worksheet. (1)

Subject	Indicator	Compliance Rate
Systemic Issues/Regional Office Responsibility		
Level I - Timeliness	Level I grievances addressed within 7 days	
On-call Psychiatric Coverage	On-call psychiatric services are available 24 hours a day/7 days a week; on-call psychiatric staff respond within 15 minutes of notification	95%
Staffing Vacancies - Mental Health	Number of filled mental health FTEs on an aggregate basis. Services provided by Contract Staff (Agency, Locums).	95%
Facility Specific Issues/Onsite Supervisor Responsibility		
Human Resources		
Medical Staff Training - Orientation	Orientation: all full-time staff complete in-depth orientation within 90 days of employment	95%
Staff Training - Suicide Prevention Initial	Suicide Prevention: staff complete initial suicide prevention training within 30 days of start date	95%
Staff Training - Suicide Prevention Renewal	Suicide Prevention: staff complete suicide prevention renewal training annually	95%
Staff Training - CPR	CPR: staff maintain CPR certification	95%
Staff Training - First Aid	First Aid: staff maintain first aid certification	95%
Sick Call		
Face-to-face Encounter - Timeliness	Non-emergent requests for sick call are seen in a face-to-face encounter within 72 hours	95%
Referral to Practitioner - Timeliness	If patient is referred to practitioner from sick call, visit occurred within 5 business days	95%
Segregation		
Isolation Rounds - Mental Health Monitoring	Mental health staff provide cell-to-cell rounds no less than weekly for segregated offenders who do not have a mental health condition	95%
Isolation Rounds - Mental Health Patients	Mental health staff provide cell-to-cell rounds three times a week for segregated offenders who have mental health conditions	95%
Initial Evaluation - mental health	Mental health staff evaluate offenders with serious mental illness who are placed in segregation within 24 hours of notification of such placement	95%
Care and Treatment		
Mental Health Referral	Inmates with non-emergent positive screening for MH problems are seen by qualified mental health professionals within 72 hours	95%
Psychotropic Medication Bridge Orders	Inmates on verified psychotropic medications will have medication(s) ordered within 24 hours of intake (unless otherwise specified by attending psychiatrist).	95%
Psychotropic Medication Reorder	No lapse in psychotropic medication reorders	95%
Suicide Observations Assessment	Inmates on suicide observation are seen daily for assessment by a qualified mental health professional	95%
Suicide Observations Discharge Follow-up	Inmates released from suicide watch are seen by mental health professional within 24 hours after release	95%
Psychotropic Medication	Laboratory testing for patients on psychotropic medications that require monitoring is completed at least	95%

Subject	Indicator	Compliance Rate
Labs	every 90 days (or as clinically indicated)	
Psychotropic Medication History Follow-up	Inmates on psychotropic medications prior to intake are assessed within 10 days of intake	95%
Serious Mental Illness Psychiatric Services	Psychiatric staff conduct face-to-face or tele-psych contact at least every 30 days for offenders with serious mental illness	95%
Routine Psychiatric Services	Psychiatric staff conduct face-to-face or tele-psych contact at least every 90 days for offenders who are prescribed psychotropic medication but do not have a serious mental illness	95%
Medication Management	All medication changes and discontinuations include documented face-to-face evaluations by psychiatry staff	95%
Treatment Plans – general population	Individualized treatment plans are completed at least every 180 days for general population offenders receiving mental health services	95%
Treatment Plans – SNU	Individualized treatment plans are completed at least every 90 days for offenders receiving mental health services in SNU	95%
Routine Mental Health Services	Case Manager/Primary Therapist conduct face-to-face contacts with offenders on the mental health caseload at least every 30 days	95%
Suicide Prevention Program – Suicidal Inmates	Continuous observation of offenders on PCOI is documented	95%
Suicide Prevention Program – Potentially Suicidal Inmates	Potentially suicidal inmates are monitored on an irregular schedule with no more than 15 minutes between checks (PCOI patients are to be monitored continuously).	95%
Suicide Risk Assessment	Formalized suicide risk assessment by a qualified mental health professional within 24 hours of the initiation of suicide precautions	95%
Suicide Observation Interaction	Mental health staff will assess and interact with inmates on suicide precautions daily	95%
Discharge Medication	When notified of an offender's release date to the community, psychiatric staff write an order for a 30 day supply of psychotropic medications or prescription for same, except when such a supply would risk harm to the offender if taken in sufficient amount; prescriptions are reviewed prior to discharge by a licensed psychiatrist	95%
Post-Substance Abuse Treatment	Percentage of graduates who complete community post-substance abuse treatment program	60%
TC Standards	TC Program has written policies and procedures that are known to the staff and updated annually	100%
TC Standards	Treatment Plan for each participant which is updated every 90 days in accordance with policy	95%
TC Standards	Assessment completed within 10 days of admission	95%
TC Standards	Written aftercare plan, completed jointly by staff and participant	100%
TC Standards	Participants do not stay in the program longer than 18 months	100%
TC Standards	MHM will offer training to security staff who work on the TC quarterly	95%

**DDOC, BCHS RFP**

Vendor Name: **MHM Correctional Services, Inc.**
Mental Health AND Substance Abuse

Based on 7,000 Average Daily Population (ADP)

Fixed Costs (should not include mark-up percent)	
Dr./PA/CRNP (Mid-level Practitioners and above) *	\$ (1)
Line Staff *	\$ (2)
Performance Bond	\$
Professional Liability/Malpractice Insurance	\$
Subtotal	\$
Management Costs (should not include mark-up percent)	
Sr. Management (including HSA)	\$ (3)
Administrative Overhead	\$ (4)
Office Space	\$
Indirect Costs	\$ (5)
Subtotal	\$
Variable Costs (should not include mark-up percent)	
Outside Consults, Medications (if applicable), Laboratory Tests, Medical Supplies & Equipment, Gross Profit, G & A, Legal Representation, Performance Bond, Professional Liability / Malpractice Insurance.	\$ (6)
Mark-up Percent	\$
Subtotal	\$
Mark-up Percent	\$
Profit over Costs	\$
Subtotal	\$
Cost Price Inflation	\$
Subtotal	\$
Grand Total	\$9,996,982

Cost Price Inflation	
Year 2	\$10,296,891 (7)
Year 3	\$10,605,798 (7)
Year 4	\$10,923,972 (7)

Cost per offender/day \$

* Indicate FT FTEs / Salaried Employees vs. Independent Contractors

- (1) 10.10 Full-time FTEs - Employees - Salaries, benefits, and direct personnel costs
- (2) 120.92 Full-Time FTEs - Employees - Salaries, benefits, and direct personnel costs
- (3) Program level management staff and direct personnel costs
- (4) Program level administrative expenses
- (5) Support functions for contract operations, quality assurance, recruiting, human resources, information technology, financial reporting, payroll, accounts receivable, and accounts payable.
- (6) Gross Profit included in Mark-up Percent; G & A Included in Sr. Management, Administrative Overhead, and Indirect Costs lines above; Performance Bond and Professional Liability/Malpractice Insurance lines above under Fixed Costs..
- (7) Cost Price Inflation above calculated at 3% for years 2, 3 and 4. Please note that in our proposal, the price proposed for the second year of the contract is an amount equal to the price of the first contract year and the greater of 3% or the most recent CPI-W from the Bureau of Labor Statistics for the Philadelphia, Wilmington, Atlantic City local area.